

SERFF Tracking Number:	VANL-125694061	State:	Arkansas
Filing Company:	Vanliner Insurance Company	State Tracking Number:	EFT \$50
Company Tracking Number:	AR BM FORM 0708		
TOI:	27.0 Boiler & Machinery	Sub-TOI:	27.0000 Boiler & Machinery
Product Name:	AR Equipment Breakdown Form Filing		
Project Name/Number:	AR Equipment Breakdown Form Filing/AR BM Form 0708		

## Filing at a Glance

Company: Vanliner Insurance Company

Product Name: AR Equipment Breakdown  
Form Filing

TOI: 27.0 Boiler & Machinery

Sub-TOI: 27.0000 Boiler & Machinery

Filing Type: Rate/Rule

Effective Date Requested (New): 07/01/2008

Effective Date Requested (Renewal): 07/01/2008

State Filing Description:

FORMS: 3

SERFF Tr Num: VANL-125694061 State: Arkansas

SERFF Status: Closed

Co Tr Num: AR BM FORM 0708

Co Status:

Author: Brian Hingst

Date Submitted: 06/13/2008

State Tr Num: EFT \$50

State Status: Fees verified and  
received

Reviewer(s): Betty Montesi,  
Llyweyia Rawlins

Disposition Date: 06/13/2008

Disposition Status: Approved

Effective Date (New): 07/01/2008

Effective Date (Renewal):  
07/01/2008

## General Information

Project Name: AR Equipment Breakdown Form Filing

Project Number: AR BM Form 0708

Reference Organization: ISO

Reference Title: ISO

Filing Status Changed: 06/13/2008

State Status Changed: 06/13/2008

Corresponding Filing Tracking Number:

Filing Description:

The Vanliner Insurance Company (Vanliner) hereby files forms to support its entry into writing Equipment Breakdown (Boiler and Machinery) coverage for moving and storage companies. This filing is for Equipment Breakdown. Vanliner is an ISO subscriber for Equipment Breakdown and is adopting the entire ISO Equipment Breakdown program (forms) with only minimal changes and additions.

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number: See Exhibit V Page 1

Advisory Org. Circular: ISO

Deemer Date:

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Product Name: AR Equipment Breakdown Form Filing  
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## Company and Contact

### Filing Contact Information

Nicholas Kohl, Bureau Specialist Nicholas\_Kohl@Vanliner.com  
One Premier Drive (636) 305-4614 [Phone]  
St. Louis, MO 63026 (636) 305-4270[FAX]

### Filing Company Information

Vanliner Insurance Company CoCode: 21172 State of Domicile: Arizona  
One Premier Drive Group Code: -99 Company Type:  
St Louis, MO 63026 Group Name: State ID Number:  
(636) 343-9889 ext. [Phone] FEIN Number: 86-0114294  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: AR - \$50 Filing Fee  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Vanliner Insurance Company	\$50.00	06/13/2008	20846135

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## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Approved	Llyweyia Rawlins	06/13/2008	06/13/2008

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## Disposition

Disposition Date: 06/13/2008

Effective Date (New): 07/01/2008

Effective Date (Renewal): 07/01/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>VANL-125694061</i>	<i>State:</i>	<i>Arkansas</i>
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<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Supporting Documentation	Approved	Yes
<b>Form</b>	Manuscript Endorsement	Approved	Yes
<b>Form</b>	Equipment Breakdown Protection Coverage	Approved	Yes
<b>Form</b>	Privacy Policy	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type	Action	Action Specific Data	Readability	Attachment
Approved	Manuscript Endorsement	VL0000	08 89	Endorsement/Amendment/Conditions	New			VL0000 08 89 Manuscript Endorsement.pdf
Approved	Equipment Breakdown Protection Coverage	VLE001	07 08	Endorsement/Amendment/Conditions	New			VLE001 07 08 Equipment Breakdown Protection Coverage.pdf
Approved	Privacy Policy	14344	06 01	Other	New			Doc. No. 14344 06 01.pdf

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**VANLINER INSURANCE COMPANY**

(The attaching clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

**ENDORSEMENT**

Effective Date  At 12:01 A.M. Standard Time	Policy Number
Named Insured	Countersigned By

(AUTHORIZED REPRESENTATIVE)

**VANLINER INSURANCE COMPANY**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EQUIPMENT BREAKDOWN PROTECTION COVERAGE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

This endorsement is subject to all the provisions of the Building And Personal Property Coverage Form, Causes Of Loss – Special Form and, if attached to and made a part of this policy, the Business Income (And Extra Expense) Coverage Form, except as otherwise provided in this endorsement. All numbers and letters used to designate paragraphs in this endorsement are specific to this endorsement only. They do not reference paragraphs in the Commercial Property Coverage Part.

- A. We will pay for direct loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from a "breakdown" to "covered equipment."
- B. The following exclusions in the **Exclusions** Section of the Causes Of Loss – Special Form do not apply:
  - 1. The artificially generated electrical current exclusion;
  - 2. The mechanical breakdown exclusion; and
  - 3. The exclusion relating to explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.
- C. The following limitations in the **Limitations** Section of the Causes Of Loss – Special Form do not apply:
  - 1. The limitation relating to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; and
  - 2. The limitation relating to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- D. The following provisions are added to the **Deductible** Section of the Building And Personal Property Coverage Form as respects Equipment Breakdown Protection Coverage under this endorsement:
  - 1. We will not pay for loss or damage (hereinafter referred to as loss) in any one occurrence until the amount of loss exceeds the deductible shown in the Declarations for Equipment Breakdown Protection Coverage for any loss to Covered Property caused by a "breakdown".
  - 2. If a deductible is shown in the Declarations for Equipment Breakdown Protection Coverage, we will first subtract the deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the deductible up to the applicable Limit of Insurance.
  - 3. If no deductible is shown in the Declarations for Equipment Breakdown Protection Coverage, the provisions of the Deductible Section of the Building And Personal Property Coverage Form apply.
  - 4. If two or more deductibles apply to a loss involving both a cause of loss covered in this endorsement and another cause of loss covered in this policy for a single occurrence, then the total amount to be deducted will be only the largest of the applicable deductibles.



E. If Business Income (And Extra Expense) Coverage is provided by this policy, the following provisions apply:

1. If the 72-hour time period in the definition of "period of restoration" and the Civil Authority Additional Coverage in the Business Income (And Extra Expense) Coverage Form (hereinafter referred to as waiting period) is amended for Equipment Breakdown Protection Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the waiting period in the Declarations immediately following a mechanical breakdown or electrical failure. As respects the coverage provided by this endorsement, any waiting period shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any waiting period otherwise applicable to the Business Income coverage provided by this policy.
2. If no waiting period is shown in the Declarations for Equipment Breakdown Coverage Protection, the provisions of the Business Income (And Extra Expense) Coverage Form apply.
3. If two or more waiting periods apply to a loss involving both a cause of loss covered in this endorsement and another cause of loss covered in this policy for a single occurrence, then the waiting period to be applied will be only the longest of the applicable waiting periods.

F. The provisions of this coverage shall not increase any amount or Limit of Insurance that is otherwise provided in this policy.

#### G. Suspension

Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment. This can be done by delivering or mailing a written notice of suspension to:

1. Your last known address; or
2. The address where the pressure, mechanical or electrical machinery and equipment is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that Covered Property.

If we suspend your insurance, you will get a pro rata refund of premium for that Covered Property. But the suspension will be effective even if we have not yet made or offered a refund.

H. The following definitions are added;

#### 1. "Breakdown":

- a. Means the following direct physical loss, that causes damage to "Covered Equipment" and necessitates its repair or replacement:

- (1) Failure of pressure or vacuum equipment;
- (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
- (3) Artificially generated electrical failure including arcing, that disturbs electrical devices, appliances, or wires, unless such loss or damage is otherwise excluded within this Coverage Form.

- b. Does not mean or include:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to "Covered Equipment";
- (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (4) Damage to any vacuum tube, gas tube, or brush;
- (5) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;

#### 2. "Covered Equipment":

- a. Means and includes any:

- (1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
- (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;

- (3) Communication equipment, and "Computer Equipment"; and
- (4) Equipment in Paragraphs (1), (2) and (3) that is owned by a public or private utility and used solely to supply utility services to your premises.

b. Does not mean or include any:

- (1) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (2) Insulating or refractory material, but not excluding the glass lining of any "Covered Equipment";
- (3) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or another appropriate and approved code;
- (4) Catalyst;
- (5) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
- (6) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, draft tube or well casing;
- (7) Vehicle, aircraft, self-propelled equipment or floating vessel including any "Covered Equipment" that is mounted upon or used solely with any one or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
- (8) Dragline, excavation, or construction equipment including any "Covered Equipment" that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;
- (9) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- (10) Equipment or any part of such equipment manufactured by you for sale.
- (11) Sewer piping, piping forming a part of a fire protection system or water piping other than:
  - (i) Feed water piping between any boiler and its feed pump or injector;
  - (ii) Boiler condensate return piping; or
  - (iii) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;

**I. The following Additional Coverages are added, as respects Equipment Breakdown.**

The limits below are part of, not in addition to, the Limit per "Breakdown".

**1. Expediting Expenses**

With respect to direct damage to Covered Property we will pay for the extra cost you necessarily incur to:

- (1) Make temporary repairs; and
- (2) Expedite the permanent repairs or replacement of the damaged property.

**2. Spoilage Damage**

- (1) We will pay for the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
  - (a) The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
  - (b) You must own or be legally liable under written contract for the raw materials, property in process or finished products; and
  - (c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.

- (2) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Form.

The most we will pay for loss or damage under this additional coverage is \$50,000, unless a higher limit is provided by similar coverage elsewhere on this policy. In that case, whichever limit is greater will apply.

### **3. Hazardous Substance**

Any additional expenses incurred by you for the clean-up, repair or replacement or disposal of Covered Property that is damaged, contaminated or polluted by a Hazardous Substance.

As used here, additional expenses mean the additional cost incurred over and above the amount that we would have paid had no Hazardous Substance been involved with the loss.

Ammonia is not considered to be a Hazardous Substance as respects this limitation.

As respects this additional coverage, Hazardous Substance means any substance other than ammonia that has been declared to be hazardous to health by a government agency.

The most we will pay for loss or damage under this additional coverage is \$50,000, unless a higher limit is provided by similar coverage elsewhere on this policy. In that case, whichever limit is greater will apply.

### **4. Ammonia Contamination**

The spoilage to "Covered Property" contaminated by ammonia, including any salvage expense.

The most we will pay for loss or damage under this additional coverage is \$50,000, unless a higher limit is provided by similar coverage elsewhere on this policy. In that case, whichever limit is greater will apply.

### **5. Drying out coverage**

If covered electrical equipment requires drying out as result of a flood, we will pay for the direct expenses of such drying out, subject to a limit of \$50,000.

### **6. Utility Interruption**

If you have coverage for "Business Income" and "Extra Expense", "Extra Expense" only or Spoilage Damage, that coverage is extended to include loss resulting from the interruption of utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive;
- (2) The "Covered Equipment" is used to supply electric power, communication services, air conditioning, heating, gas, sewer, water or steam to your premises; and
- (3) The interruption of utility service to your premises lasts at least the consecutive period of time shown in the Declarations. Once this waiting period is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

The most we will pay for loss or damage under this additional coverage is \$50,000, unless a higher limit is provided by similar coverage elsewhere on this policy. In that case, whichever limit is greater will apply.

### **9. Ordinance Or Law – Equipment Coverage**

- a. Subject to Paragraph b., if a Covered Cause of Loss occurs to equipment that is Covered Property, we will pay the costs to repair or replace the equipment as required by law.
- b. If a Covered Cause of Loss occurs to refrigeration equipment that is Covered Property, we will pay:
  - (1) The cost to reclaim the refrigerant as required by law;
  - (2) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990, and any amendments thereto or any other similar laws; and
  - (3) The increased cost to recharge the system with a non-CFC refrigerant.
- c. The terms of this coverage apply separately to each piece of covered equipment.

- d. We will not pay under this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- e. Loss to the equipment will be determined as follows:
  - (1) If the replacement cost coverage applies and the equipment is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
    - (a) The amount you actually spend to repair the equipment, but not for more than the amount it would cost to replace the equipment with equipment of the same kind and quality; or
    - (b) The Limit of Insurance shown in the Declarations as applicable to the Building or Your Business Personal Property.
  - (2) If the replacement cost coverage applies and the equipment is not repaired or replaced, or if the replacement cost coverage does not apply, we will not pay more than the lesser of:
    - (a) The actual cash value of the equipment at the time of loss; or
    - (b) The Limit of Insurance shown in the Declarations as applicable to the Building or Your Business Personal Property.
  - (3) We will not pay for loss due to any ordinance or law that:
    - (a) You were required to comply with before the loss, even if the equipment was undamaged; and
    - (b) You failed to comply with.
- f. The Coinsurance Additional Condition does not apply to this coverage.

#### **10. Artificially Generated Electrical Current**

We will pay for loss or damage to "computers" due to artificially generated electrical current if such loss or damage is caused by or results from:

- a. An occurrence that took place within 1,000 feet of the described premises; or
- b. Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 1,000 feet of the described premises.

If such loss or damage as specified above exceeds in any one occurrence the applicable deductible shown in the Declarations, we will then pay the amount of loss or damage in excess of the deductible up to the applicable Limit of Insurance for the equipment.

#### **II.Changes To The Causes Of Loss – Special Form**

- A. The **Mechanical Breakdown** exclusion in the **Exclusions** Section does not apply to loss or damage to "computers".

## **PRIVACY POLICY**

### **A. INTRODUCTION**

We are sending this Privacy Policy to explain how Vanliner Group, Inc., Vanliner Insurance Company and TransProtection Service Company (hereinafter referred to as Vanliner) handle and protect personal information about you. Be assured that at Vanliner, keeping personal information secure is a priority. This Privacy Policy will explain how we utilize personal information, including the possible disclosure of that information to third parties.

At Vanliner, we strive to meet your expectations for privacy while still managing information to properly conduct our business and to serve you to our fullest potential. There are occasions when information must be disclosed to fulfill your requests, to deliver products and services, to administer and update policies and to comply with laws and regulations. Keep in mind that information sharing can be very important for meeting your needs and providing you with excellent and consistent quality service.

Please take a few minutes to review the contents of this brochure. If you have any questions concerning this Privacy Policy and how it may affect you, please write us at: One Premier Drive, Fenton, MO 63026.

### **B. INFORMATION SECURITY IS A PRIORITY**

The security of personal information is one of Vanliner priorities. You may be assured that we regularly review our security practices to protect against unauthorized access to information. We restrict access to your personal information to those employees who need to know that information in the course of performing their jobs. We maintain physical, electronic and procedural safeguards that further protect your personal information.

### **C. PERSONAL INFORMATION COVERED BY THIS PRIVACY POLICY**

Our Privacy Policy applies to all personal information that is obtained by Vanliner in connection with providing insurance coverage. Specifically, this includes individually identifiable information about your character, habits, finances, occupation, general reputation, credit, health, or other personal characteristics, including your name, address and medical information.

### **D. PERSONAL INFORMATION WE COLLECT**

In order to properly serve you and to effectively and efficiently operate, we collect certain types of personal information about you, which may come from the following sources:

1. Information that you provide us, whether on applications, forms, in writing, over the telephone, electronically or by other means. This information may include your name, address, employment information, financial information, and claim information. It may also include health information such as individual medical records or information about an illness, disability or injury. This information could concern your application for an insurance policy or your utilization of an existing insurance policy, either through the claims process or otherwise.

2. Information that we receive from other sources about you. This may include information received from your employer, your health care providers and other third parties. Again, the information received from other sources may include individual medical records or information about an illness, disability or injury. This information could concern your application for an insurance policy or your utilization of an existing insurance policy, either through the claims process or otherwise. Note that information obtained from a report by an insurance support organization may be retained by that organization and disclosed to other persons.
3. Information that we receive from public sources, which may include telephone numbers, addresses, court records or other public records.

At Vanliner, we do not disclose personal information except as permitted or required by law.

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#### **E. TYPES OF INFORMATION DISCLOSURE DONE BY VANLINER**

##### **(1.) DISCLOSURE WITHIN THE VANLINER AFFILIATED FAMILY**

We may disclose personal information to our affiliates in accordance with law.

##### **(2.) DISCLOSURE TO NON - AFFILIATED THIRD PARTIES**

To serve you and to properly administer our business, we may also disclose personal information to non-affiliated third parties, including other insurance companies, agents, brokers, administrators and service providers. We may also disclose personal information to non-affiliated third parties who are assisting us by performing services or functions, such as marketing our products and services, conducting surveys or performing audits.

##### **(3.) OTHER INFORMATION DISCLOSURE**

We may disclose personal information to companies or organizations outside the Vanliner family as required or permitted by law. For example, we may disclose personal information as required to respond to a subpoena, to respond to insurance regulatory authorities, or to service your policy.

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#### **F. PERMITTED DISCLOSURES OF PERSONAL INFORMATION**

Vanliner is permitted by law to disclose some personal information obtained in connection with an insurance transaction without your prior authorization. Such permitted disclosures could occur in the context of claims adjusting, van line qualification or when revising or changing an agency contract. These permitted disclosures include:

- a. Disclosure to a third party other than an insurance institution, agent or insurance support organization if reasonably necessary for that person to perform a business, professional or insurance function for Vanliner and that person agrees not to further disclose the personal information without your written authorization. (However, further disclosure without your written authorization is permitted if it is reasonably necessary for the business, professional or insurance function that person is performing for Vanliner or if further disclosure would be permissible if made by an insurance institution, agent or insurance support organization.)

- b. Disclosure to a third party other than an insurance institution, agent or insurance support organization which enables the third party to provide Vanliner information it requires to determine your eligibility for an insurance benefit or payment.
- c. Disclosure to a third party other than an insurance institution, agent or insurance support organization for the purpose of detecting or preventing criminal activity, fraud, material misrepresentation or material nondisclosure in connection with an insurance transaction.
- d. Disclosure to an insurance institution, agent, insurance support organization or self-insurer if the information is reasonably necessary to detect or prevent criminal activity, fraud, material misrepresentation or material nondisclosure concerning an insurance transaction.
- e. Disclosure to an insurance institution, agent, insurance support organization or self-insurer if the information is reasonably necessary for either Vanliner or the other party receiving the information to perform their job with regards to an insurance transaction.
- f. Disclosure to a medical professional or medical institution to verify insurance coverage or benefits, informing an individual of a medical problem of which they may be unaware, or conducting operations audit or service audit. However, Vanliner is limited to only disclose enough information reasonably needed to accomplish these purposes.
- g. Disclosure to an insurance regulatory authority.
- h. Disclosure to a law enforcement or related governmental authority to protect Vanliner interests in preventing or prosecuting fraud or if Vanliner reasonably believes you may have broken the law in some other way.
- i. Disclosure to conduct actuarial or research studies provided no individual information is identified in the actuarial or research report. Materials which identify you must be returned to Vanliner or destroyed when no longer needed. The actuarial or research institution must agree not to further disclose the information unless further disclosure would be permitted if done by an insurance institution, agent or insurance support organization.
- j. Disclosure to a person or business for the sole purpose of marketing a product or service as long as no medical information is disclosed. Further, personal information concerning your character, personal habits, general reputation, mode of living or a classification derived from the information may not be disclosed. Further, an opportunity must be given for you to tell us you do not want personal information disclosed for this purpose and have not done so.
- k. Disclosure to an affiliate who will use the information in auditing Vanliner.
- l. Disclosure of nonmedical personal information to an affiliate who will use the information in marketing an insurance product or service. The affiliate must agree not to further disclose the information. Medical information may be disclosed for this purpose only with your written permission.
- m. Disclosure to a group insurance policyholder to report claims experience or audit Vanliner services. Only information reasonably needed for this review or audit may be disclosed.

- n. Disclosure pursuant to your written authorization.
- o. Disclosure pursuant to your written authorization but submitted by another insurance institution, agent or insurance support organization, if this authorization meets legal guidelines imposed on the insurance industry.
- p. Disclosure pursuant to a written authorization signed by you but submitted by someone other than that noted in subsection (o.) immediately above, if this authorization is dated and disclosure is sought within one year of the authorization date .

## **G. YOUR PRIVACY OPTIONS**

For Vanliner to obtain additional personal information other than that listed previously, we need your prior authorization.

For Vanliner to disclose personal information other than that listed previously, we also need your authorization.

## **H. ACCESS TO PERSONAL INFORMATION**

If you request in writing access to specific and reasonably retrievable personal information about yourself, and you have identified yourself in such a way so that we believe no unauthorized party is fraudulently attempting to review your personal information we, or another entity authorized to act on our behalf, will:

- (1) Inform you of the nature and substance of the requested personal information. We may do this in writing, by telephone or by another means of communication.
- (2) Allow you to personally inspect and copy the requested personal information or send to you via U.S. Mail a copy of the requested personal information. We may charge a reasonable fee for this service, and we may employ an insurance support organization to perform the copying and requested disclosure of your personal information.
- (3) Tell you to whom Vanliner has disclosed the requested personal information in the preceding two (2) years. If this is not discernible, we will tell you who normally would receive this type of information.
- (4) Tell you from where Vanliner obtained the requested personal information if from an institutional source.
- (5) Provide to you a summary of the procedures used to correct, amend or delete the requested personal information.

**\*\* Note:** If the information you request is medical information which has been supplied to Vanliner by a medical professional or institution, we may give the information and the source of the information either directly to you or to a medical professional designated by you if this medical professional is licensed to provide medical care with respect to the medical condition to which the personal information relates. If we choose to provide the information to your designated medical professional, we will give you notice the requested information has been so disclosed.

**\*\* Note:** The rights of access noted within this section only apply to information concerning natural persons which has been collected and maintained in connection with an insurance transaction. This section does not apply to personal information collected concerning possible or existing claims, civil proceedings or criminal proceedings.



## **I. CORRECTION OF PERSONAL INFORMATION**

If you request in writing that we correct, amend or delete specific personal information about you that we have in our possession, we will:

- (1) Correct, amend or delete the personal information as requested. If we do this, we will notify you in writing of the change. We will also send notice of the correction, amendment or deletion to:
  - a. any person you designate who may have received this particular information within the preceding two years,
  - b. any insurance support organization that mainly receives personal information from insurance institutions if this support organization has been provided the prior version of the personal information within the preceding seven (7) years and if this support organization currently maintains recorded personal information about you,
  - c. any insurance support organization that furnished to Vanliner the information which has now been corrected, amended or deleted.
- (2) Notify you in writing of our refusal to correct, amend or delete the personal information within Vanliner possession, explain to you the reasons for this refusal, and inform you of your right to file with Vanliner a concise statement clearly illustrating what you believe is the correct information and why you disagree with Vanliner refusal to correct, amend or delete certain information. If you file such a statement, Vanliner shall:
  - a. file the statement along with the disputed personal information and make the statement available to those seeking access to the disputed personal information,
  - b. when subsequently disclosing the disputed personal information, clearly identify the disputed matter and provide your statement along with the disputed personal information,
  - c. provide your statement to any person you designate who may have received this particular information within the preceding two (2) years,
  - d. provide your statement to any insurance support organization that mainly receives personal information from insurance institutions if this support organization has been provided the disputed personal information within the preceding seven (7) years and if this support organization currently maintains recorded personal information about you,
  - e. provide your statement to any insurance support organization that furnished to Vanliner the disputed information.

**\*\* Note:** The rights discussed in this section apply to information concerning natural persons which has been collected and maintained in connection with an insurance transaction. This section does not apply to personal information collected concerning possible or existing claims, civil proceedings or criminal proceedings.

<i>SERFF Tracking Number:</i>	<i>VANL-125694061</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Vanliner Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AR BM FORM 0708</i>		
<i>TOI:</i>	<i>27.0 Boiler &amp; Machinery</i>	<i>Sub-TOI:</i>	<i>27.0000 Boiler &amp; Machinery</i>
<i>Product Name:</i>	<i>AR Equipment Breakdown Form Filing</i>		
<i>Project Name/Number:</i>	<i>AR Equipment Breakdown Form Filing/AR BM Form 0708</i>		

## Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number:	VANL-125694061	State:	Arkansas
Filing Company:	Vanliner Insurance Company	State Tracking Number:	EFT \$50
Company Tracking Number:	AR BM FORM 0708		
TOI:	27.0 Boiler & Machinery	Sub-TOI:	27.0000 Boiler & Machinery
Product Name:	AR Equipment Breakdown Form Filing		
Project Name/Number:	AR Equipment Breakdown Form Filing/AR BM Form 0708		

## Supporting Document Schedules

<b>Satisfied -Name:</b>	Supporting Documentation	<b>Review Status:</b>	
		Approved	06/13/2008
<b>Comments:</b>			
<b>Attachments:</b>			
AR BM ltr.pdf			
AR BM P&C.pdf			
AL BM FFS.pdf			
AL BM Adoption.pdf			
AL BM XMemo.pdf			



June 6, 2008

Honorable Julie Benefield Bowman  
Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201-1904

RE: Vanliner Insurance Company  
Commercial Lines  
Division Two – Equipment Breakdown  
NAIC: 000-21172  
Federal Employer ID #86-0114294  
Proposed Effective Date: July 1, 2008

Dear Honorable Bowman:

Vanliner Insurance Company hereby files to adopt ISO Commercial Lines – Division Two – Equipment Breakdown as a new program. Vanliner is requesting an implementation date of July 1, 2008.

Should you have any questions or require additional information, please call me at 800-325-3619 extension 4793 or e-mail me at [Ian\\_McKechnie@unigroupinc.com](mailto:Ian_McKechnie@unigroupinc.com).

Sincerely,

Ian McKechnie  
Chief Actuary, Director of Industry Compliance

Enc.

IM/tk

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">New Business</div> <div style="width: 55%;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">Renewal Business</div> <div style="width: 55%;"></div> </div> f. State Filing #: g. SERFF Filing #: h. Subject Codes
---	---

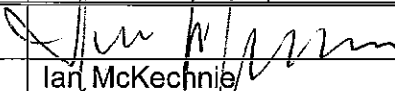
<b>3. Group Name</b>	<b>Group NAIC #</b>

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Vanliner Insurance Company	Missouri	21172	86-0114294	24

<b>5. Company Tracking Number</b>	<b>AR BM 0708</b>
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Vanliner Insurance Company Ian McKechnie	Chief Actuary, Director of Industry Compliance	800-325-3619 ext. 4793	636-305-4270	Ian_McKechnie@unigr oupinc.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Ian McKechnie

**Filing information** (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	27
10.	Sub-Type of Insurance (Sub-TOI)	27.0001
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	AR BM 0708
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 07/01/2008    Renewal: 07/01/2008

## Property & Casualty Transmittal Document---

<b>15.</b>	<b>Reference Filing?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>16.</b>	<b>Reference Organization</b> (if applicable)	I. S. O.
<b>17.</b>	<b>Reference Organization # &amp; Title</b>	ISO - Please see Exhibit V
<b>18.</b>	<b>Company's Date of Filing</b>	6/6/08
<b>19.</b>	<b>Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	AR BM 0708
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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New Program - Division 2 - Equipment Breakdown

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="margin-bottom: 20px;"> <b>Check #:</b>  <b>Amount:</b> </div> <div> <b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b> </div>	

\*\*\*Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	<b>This filing transmittal is part of Company Tracking #</b>		AR BM 0708		
2.	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)				
3.	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement Or withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	Manuscript Endorsement	VL00000 08 89	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Equipment Breakdown Protection Coverage	VLE001 07 08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Privacy Policy	Doc. No. 14344 06/01	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

Date: June 10, 2008

Space Reserved for Insurance Department Use

INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION  
PROSPECTIVE LOSS COSTS  
REFERENCE FILING ADOPTION FORM

1. INSURER NAME ADDRESS Vanliner Insurance Company  
One Premier Drive,  
St. Louis, MO 63026

PERSON RESPONSIBLE FOR FILING Ian McKechnie

TITLE Chief Actuary, Director Industry Compliance TELEPHONE # 800-325-3619, ext. 4793

2. INSURER NAIC # 21172

3. LINE OF INSURANCE Division Two - Equipment Breakdown

4. ADVISORY ORGANIZATION ISO

5. ADVISORY ORGANIZATION REFERENCE FILING # Please see Exhibit V for complete listing of ISO Filings

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing the prospective loss costs in the captioned Reference Filing.

The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. PROPOSED RATE LEVEL CHANGE 0 % EFFECTIVE DATE 7/1/2008

8. PRIOR RATE LEVEL CHANGE 0 % EFFECTIVE DATE n/a

9. ATTACH "SUMMARY OF SUPPORTING INFORMATION FORM"  
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. CHECK ONE OF THE FOLLOWING:

☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Director, or amended or withdrawn by the insurer.

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

11. Attach \$50 filing fee. Section 374.230(6), RSMo.



Insurer Name: Vanliner Insurance Company  
NAIC Number: 21172

Date: June 10, 2008

INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS  
SUMMARY OF SUPPORTING INFORMATION FORM

CALCULATION OF COMPANY LOSS COST MULTIPLIER

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:  
Division Two - Equipment Breakdown
2. Loss Cost Modification:
- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(CHECK ONE)
- ☒ Without modification. (factor = 1.000)
- ☐ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)  
\_\_\_\_\_  
\_\_\_\_\_
- B. Loss Cost Modification Expressed as a Factor:  
(See examples below.) 1.00

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3 - 7 BELOW.**

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

Selected Provisions

A. Total Production Expense	<u>26.73</u>	<u>%</u>
B. General Expense	<u>10.01</u>	<u>%</u>
C. Taxes, Licenses & Fees	<u>3.44</u>	<u>%</u>
D. Underwriting Profit & Contingencies	<u>16.06</u>	<u>%</u>
E. Other (explain)	<u>0.00</u>	<u>%</u>
F. TOTAL	<u>56.24</u>	<u>%</u>
4A. Expected Loss Ratio: $ELR = 100\% - 3F =$	<u>43.76</u>	<u>%</u>
4B. ELR in decimal form =	<u>.438</u>	
5. Company Formula Loss Cost Multiplier: $(2B - 4B) =$	<u>2.285</u>	
6. Company Selected Loss Cost Multiplier = Explain any differences between 5 and 6:	<u>2.285</u>	
7. Rate level change for the coverages to which this page applies	<u>0</u>	<u>%</u>

Example 1: Loss Cost modification factor: If your company's loss cost modification is - 10%, a factor of .90 ( $1.000 - .100$ ) should be used.

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 ( $1.000 + .150$ ) should be used.

## Explanatory Memorandum

The Vanliner Insurance Company (Vanliner) hereby files rates, rules and forms to support its entry into writing Equipment Breakdown (Boiler and Machinery) coverage for moving and storage companies. This filing is for Equipment Breakdown. Vanliner is an ISO subscriber for Equipment Breakdown and is adopting the entire ISO Equipment Breakdown program (rules, loss costs and forms) with only minimal changes and additions.

### **Proposed Effective Date**

The following effective date rule is proposed:

“These rates, rules and forms will be used for policies effective on or after July 1, 2008.”

If approval is not received by the proposed effective date, these changes will become effective upon approval.

### **Vanliner Insurance Company**

The Vanliner Insurance Company (NAIC # 21172) is a commercial lines insurer specializing in the moving and storage industry, Vanliner's state of domicile is Missouri. Vanliner has received an A- rating with a Stable outlook from A.M. Best.

### **Expense Experience**

The Vanliner Insurance Company has never written Equipment Breakdown coverage in the past. As such we have no historical expense experience for this line of business. After review, we believe the industry expense experience for Boiler & Machinery line of business is the best proxy we can find for our expected expense provisions.

Exhibit 1 is a summary of the entire US P&C industry's expense experience for this line of business. This is direct data is taken from Part III of the prior three years' Insurance Expense Exhibits. The bottom half of Exhibit 1 displays a number of direct expense ratios. This data was drawn from A.M. Best's Aggregates and Averages – Property/Casualty.

### **Investment Income**

The Vanliner Insurance Company has not written Equipment Breakdown coverage in past. As such we have no historical investment income experience for this line of business. After review, we believe the industry investment income experience for Boiler & Machinery line of business is the best proxy we can find for our expected investment income results. This data was drawn from A.M. Best's Aggregates and Averages – Property/Casualty.

Exhibit II Page 1 is a summary of the entire US P&C industry's investment income experience for this line of business. This exhibit displays an allocation of policyholder's

## Explanatory Memorandum

surplus to line of business calculation, calculates an investment gain ratio, a prepaid expense ratio and eventually develops an expected investment income by line of business attributable to insurance transactions provision.

Exhibit II Page 2 develops Vanliner's selected Profit and Contingency provision. The figures shown reflect our approach to developing the profit provision which is intended to generate the same average return the entire US P&C industry has experienced in the latest three period (2004-2006) for which data is available. See the notes for details about data sources and calculations. We are subtracting Investment Income Attributable to Insurance Transactions (Exhibit 2 page 1) from our Target Return as % of Direct Written Premium to get Vanliner's selected Profit & Contingency Provision. Normally we would express our target return as a % of GAAP equity. However since we are supporting our filing by citing returns industry statutory surplus, the surplus/equity ratio on line 4 of Exhibit II Page 2 has been set to 1.00.

Exhibit II Page 3 develops the three average industry after tax return on surplus based upon figures drawn from A.M. Best's Aggregates and Averages – Property/Casualty.

### **Loss Cost Multiplier Calculations**

Vanliner's Loss Cost Multiplier calculations are displayed in Exhibit III Page 1.

Our selected Commission and Brokerage expense provision is based upon our agency commission schedule. The selected Other Acquisition and General Expense provisions three year averages taken from Exhibit 1. The Tax provisions listed are a state premium tax plus a miscellaneous taxes, licenses and fees provision to cover various miscellaneous and payroll taxes. See Exhibit III Page 2 for the development of the state premium tax and the miscellaneous and payroll taxes provision. The provisions used are displayed in Exhibit III page 3. The final provision is the selected Profit and Contingency provision developed in Exhibit II Page 2.

### **Loss Cost Modification**

We have no historical experience for this line of business so our selected Loss Cost Modification will be 1.00 for this filing.

### **ISO Filings Being Adopted**

With this filing Vanliner is adopting the entire ISO Equipment Breakdown Manual as currently filed and approved in this state. This includes the:

State Insurance Manual  
Terrorism Supplement to the CLM

## Explanatory Memorandum

Exhibit V contains a list of all the manual holder notices, ISO's reference filing numbers and the state filing reference numbers (if any) for various manual pages we are adopting with this filing.

### **Vanliner Exception Pages**

Vanliner's proposed CLM exception pages are attached as Exhibit VI. These are built to work with ISO's Commercial Lines Manual. There is a company multistate exception page that displays the rules we intend to use in all states. The Vanliner state exception pages display the Loss Cost Multiplier developed and supported in this filing.

### **Simplified Rating Plan**

We have secured reinsurance for Warehouse risks that enables us to offer a special simplified rating plan for these types of risks. Premium will be calculated based on Total Insured Value per Location. The rates provided in Exhibit VI on Vanliner's Exception Pages apply only to locations which are classified under SIC codes 4225 General Warehouse and Storage and 4226 Special Warehousing and Storage.

If a Location has a Total Insured Value of greater than \$3,000,000 or a Business Income value greater than \$1,000,000, it must be referred to the Company for quoting. If the Total Insured Value on the policy across all locations is greater than \$75,000,000, it must be referred to the Company for quoting. These rates contemplate a \$1,000 deductible per location. A deductible factor table is provided in Exhibit VI which supplies factors for other deductible options.

### **State Filing Forms**

A complete set of state filing forms is attached.

### **Person to Contact**

If there any questions about this filing please contact the following:

Ian McKechnie  
Chief Actuary and Director of Industry Compliance  
(636) 305-4793 or (800) 325-3619 ext 4793  
Ian\_McKechnie@unigroupinc.com

# Explanatory Memorandum

## Table of Contents

### Exhibit I Insurance Expense Exhibit Summary

Page 1 – Industry Boiler& Machinery

### Exhibit II Investment Income

Page 1 – Allocation of Investment Income by Line of Business

Page 2 – Profit and Contingency Exhibit

Page 3 – Industry Return on Policyholder Surplus

### Exhibit III Loss Cost Multiplier Development

Page 1 – Selected Expense Provisions

Page 2 – Miscellaneous Taxes and Payroll Taxes

Page 3 – 2007 Tax Rates by State

### Exhibit IV Not Applicable to this Filing

### Exhibit V ISO / Bureau Reference Filings

Page 1 – ISO/Bureau Reference Filing Numbers

Page 2 – Vanliner Insurance Company Forms

### Exhibit VI Vanliner's State Exception Pages

### State Filing Forms

**Total US PC Industry**  
Insurance Expense Exhibit (000) Omitted  
**Boiler and Machinery**  
As reported in Best's Aggregates & Averages - Property/Casualty

Col.	Item	2003	2004	2005	2006	Latest 3 yr 2004-06
<b>Part III - Allocation to Lines of Direct Business Written</b>						
1	Premiums Written	1,277,729	1,196,346	1,187,325	1,232,360	3,616,031
3	Premiums Earned	1,256,247	1,218,088	1,201,469	1,211,670	3,631,227
5	Dividends to Policyholders	185	176	381	195	752
7	Incurred Loss	306,571	275,585	224,990	413,026	913,601
9	Defense and Cost Containment Expenses Incurred	11,845	9,807	19,959	10,759	40,325
11	Adjusting and Other Expenses Incurred	34,444	23,787	53,630	41,752	119,169
13	Unpaid Losses	467,678	443,086	384,332	458,428	1,285,846
15	Defense and Cost Containment Expenses Unpaid	19,946	21,970	32,470	30,453	84,893
17	Adjusting and Other Expenses Unpaid	22,681	17,727	18,702	37,776	74,205
19	Unearned Premium Reserves	605,243	570,673	554,865	574,969	1,700,507
21	Agent's Balances	236,371	207,317	195,221	227,793	630,331
23	Commission and Brokerage Expenses Incurred	116,728	117,654	102,762	103,095	323,511
25	Taxes Licenses & Fees Incurred	33,036	30,859	29,739	34,683	95,281
27	Other Acquisitions, Field Supervision, and Collection Expenses Incurred	102,671	112,690	107,232	113,688	333,610
29	General Expenses Incurred	120,657	122,560	123,019	117,847	363,426
31	Other Income Less Expenses	(14,076)	(8,299)	(5,824)	(7,391)	(22,014)
33	Pre-Tax Profit or Loss Excluding All Investment Gain	516,057	516,875	533,928	368,716	1,419,519
	Paid Loss		300,177	283,744	338,930	922,851
	Defense and Cost Containment Expenses Paid		7,583	9,459	12,776	29,818
	Adjusting and Other Expenses Paid		28,741	52,655	22,678	104,074

**Direct Expense Ratios**

Inc. Loss / Earned Premium Ratio	= (7) / (3)	24.4%	22.6%	18.7%	34.1%	25.2%
Inc. ALAE / Earned Premium Ratio	= (9) / (3)	0.9%	0.8%	1.7%	0.9%	1.1%
Inc. ULAE / Earned Premium Ratio	= (11) / (3)	2.7%	2.0%	4.5%	3.4%	3.3%
Inc. Loss & LAE / Earned Premium Ratio	subtotal	28.1%	25.4%	24.9%	38.4%	29.6%
Inc LAE / Inc Loss Ratio	= ((9)+(11))/(7)	15.1%	12.1%	32.7%	12.7%	17.5%
Inc Loss & LAE / Inc Loss & ALAE Ratio	= ((7)+(9)+(11))/((7)+(9))	110.8%	108.3%	121.9%	109.9%	112.5%
Inc Loss & LAE / Inc Loss Ratio	= ((7)+(9)+(11)) / (7)	115.1%	112.1%	132.7%	112.7%	117.5%
Paid Loss Ratio to DEP			24.6%	23.6%	28.0%	25.4%
Paid ALAE Ratio to DEP			0.6%	0.8%	1.1%	0.8%
Paid ULAE Ratio to DEP			2.4%	4.4%	1.9%	2.9%
Change in ALAE O/S to DEP			0.2%	0.9%	-0.2%	
Change in ULAE O/S to DEP			-0.4%	0.1%	1.6%	
Commission Ratio to DWP	= (23) / (1)	9.1%	9.8%	8.7%	8.4%	8.9%
T. L. & F Ratio to DWP	= (25) / (1)	2.6%	2.6%	2.5%	2.8%	2.6%
Other Acq Ratio to DWP	= (27) / (1)	8.0%	9.4%	9.0%	9.2%	9.2%
General Exp Ratio to DEP	= (29) / (3)	9.6%	10.1%	10.2%	9.7%	10.0%
U/W Expense Ratio to DEP	sum((23):(29)) / (3)	29.7%	31.5%	30.2%	30.5%	30.7%

**Total US PC Industry**  
**Allocation of Investment Income by Line of Business (000) Omitted**  
**As Reported in A.M. Best's Aggregates and Averages**

Overall US PC Industry					Line -Boiler and Machinery			Notes:
	(a) 2005	(b) 2006	(c) Mean	(d) 2005	(e) 2006	(f) Mean		
Allocation of Policyholder Surplus to Line of Business								
Direct Earned Premium	(1)	475,744,787	484,089,549	479,917,168	1,201,469	1,211,670	1,206,570	
Net Earned Premium	(2)	425,631,427	440,531,383	433,081,405	1,580,612	1,626,793	1,603,703	
Net Loss Reserves	(3)	435,546,639	444,012,015	439,779,327	620,444	725,303	672,874	
Net LAE Reserves	(4)	88,037,369	93,017,782	90,527,576	73,617	76,483	75,050	
Net Loss & LAE Reserves	(5)	523,584,008	537,029,797	530,306,903	694,061	801,786	747,924	= (3) + (4)
Net Unearned Premium Reserves	(6)	192,545,236	199,911,689	196,228,463	760,377	808,813	784,595	
Mean Reserves & Current Premium	(7)			1,167,066,748			3,159,312	= (2) + (5) + (6)
Policyholder's Surplus	(8)	438,730,167	501,207,293	469,968,730				
Policyholder Surplus Ratio	(9)			40.27%			40.27%	= (8) / (7)
Allocated Policyholder Surplus	(10)			469,968,730			1,272,230	= (7) * (9)
Premium / Surplus Ratio	(11)			0.94			1.28	= (2) / (10)
Calculation of Investment Gain Ratio								
Net Investment Income Earned	(12)	51,734,584	54,546,113					
Net Realized Capital Gains or (Losses)	(13)	12,194,108	3,587,228					
Net Investment Gain or (Loss)	(14)	63,928,692	58,233,341					= (12) + (13)
Net Loss & LAE & Unearned Premium	(15)	716,129,244	736,941,486	726,535,365	1,454,438	1,610,599	1,532,519	= (5) + (6)
Net Agents' Balances	(16)	85,518,520	92,714,854	89,116,687	173,165	217,750	195,458	
Funds held by company under reinsura	(17)	33,994,289	30,553,086	32,273,688				
Policyholder's Surplus	(18)			469,968,730			1,272,230	= (10)
Total Investable Funds	(19)			1,139,661,096			2,609,291	= (15) - (16) + (17) + (18)
Net Investment Gain Ratio	(20)			0.051			0.051	= (14) / (19)
Calculation Of Prepaid Expense Ratio								
Commissions	(21)	45,587,636	46,948,341	46,267,989	202,457	237,643	220,050	
Taxes, Licenses & Fees	(22)	11,918,521	11,869,096	11,893,809	31,238	33,628	32,433	
Other Acquisition Expense	(23)	28,606,861	31,302,514	29,954,688	132,107	142,106	137,107	
General Expense	(24)	24,793,525	27,773,256	26,283,391	176,979	177,810	177,395	
Net Prepaid Expense	(25)	98,509,781	104,006,579	101,258,180	454,292	502,282	478,287	= (21)+(22)+(23)+(0.5 * (24)
Net Written Premium	(26)	433,530,933	448,417,041	440,973,987	1,583,807	1,675,311	1,629,559	
Prepaid Expense Ratio	(27)	22.72%	23.19%	23%	28.68%	29.98%	29%	= (25) / (26)
Investment Gain on Funds Attributable to Insurance Transactions								
Net Unearned Premium Reserves	(28)	192,545,236	199,911,689	196,228,463	760,377	808,813	784,595	= (6)
(1 - Prepaid Expense ratio)	(29)			0.7681			0.7002	= 1 - (27)
Unpaid Unearned Premium Reserve	(30)			150,714,913			549,362	= (28) * (29)
Net Loss & LAE Reserves	(31)	523,584,008	537,029,797	530,306,903	694,061	801,786	747,924	= (5)
Net Agents' Balances	(32)	85,518,520	92,714,854	89,116,687	173,165	217,750	195,458	= (16)
Investment Funds Attributable to Insur	(33)			591,905,129			1,101,828	= (30) + (31) - (32)
Net Investment Gain Ratio	(34)			0.051			0.051	= (20)
Investment Gain on Funds Attributable	(35)			30,244,617			56,300	= (33) * (34)
Investment Gain on Funds Attributable to Capital & Surplus								
Total Investable Funds	(36)			1,139,661,096			2,609,291	= (19)
Net Investment Gain Ratio	(37)			0.051			0.051	= (20)
Total Investment Gain	(38)			58,233,341			133,327	= (36) * (37)
Investment Gain On Funds Attributable	(39)			30,244,617			56,300	= (35)
Investment Gain on Funds Attributable	(40)			27,988,724			77,027	= (38) - (39)
Investment Gain on Funds Attributable	(41)			5.8%			6.4%	= (40) / (1)
Investment Income Attributable to Insurance Transactions								
(As a % of Net Earned Premium)	(42)			6.9%			3.5%	= (35) / (2)
(As a % of Direct Earned Premium) - pi	(43)			6.2%			4.6%	= (35) / (1)
Latest Federal Income Tax Rate	(44)			24.9%			24.9%	AS Pg 4 Col 1 Line 19/18
(As a % of Direct Earned Premium) - at	(45)			4.7%			3.5%	= (1 00 - (44)) * (43)

**Vanliner Insurance Company**  
Profit & Contingency Exhibit  
Boiler & Machinery

#	Item	
(1)	Direct Earned Premium	1,211,670
(2)	Net Earned Premium	1,626,793
(3)	Premium / Surplus Ratio	1.28
(4)	Statutory Surplus to GAAP Equity Ratio	0.915
(5)	GAAP Equity	1,390,416
(6)	ROE Objective	11.73%
(7)	After-Tax Target Return	163,074
(8)	Federal Income Tax Rate	35.0%
(9)	Before Tax Target Return	250,883
(10)	Target Return as % of DWP = Underwriting Profit & Contingencies Provision	20.7%
(11)	Investment Gain Attributable to Insurance Transactions	4.6%
(12)	Investment Gain Attributable to Capital & Surplus	6.4%
(13)	Company Selected Profit & Contingency Provision* *Net of Investment Income Attributable to Insurance Transactions	16.06%

Notes:

- (1) Exhibit 1 (2006 Best's Aggregates and Averages)
- (2) 2006 Best's Aggregates and Averages
- (3) Exhibit 2 Page 1 Line 11
- (4) Exhibit 2 Page 3 Line 8
- (5) = ((2) / (3)) / (4)
- (6) Exhibit 2 Page 3 Line 5
- (7) = (5) \* (6)
- (8) Federal Income Tax Rate
- (9) = (7) / (1 - (8))
- (10) = (9) / (1)
- (11) = Investment Income Exhibit - See Exhibit 2 Page 1
- (12) = Investment Income Exhibit - See Exhibit 2 Page 1
- (13) = (10) - (11)



Total US PC Industry  
Underwriting and Investment Exhibit  
Statement of Income  
As Reported in A.M. Best's Aggregates and Averages

	2004	Calendar Year		
		2005	2006	2004-06
<b>Total US PC Industry</b>				
(1) Net Income before income tax	55,287,713	59,496,441	89,956,746	204,740,900
(2) Federal and foreign income taxes	14,757,786	10,700,427	22,362,919	47,821,132
(3) Net Income after income tax	40,529,927	48,796,014	67,593,827	156,919,768
(4) Surplus as regards policyholders	401,388,974	435,348,403	501,207,293	1,337,944,670
(5) Return on Policyholder Surplus (After Tax)	10.10%	11.21%	13.49%	11.73%
	2004	2005	2006	2007
<b>Vanliner Insurance Company</b>				
(6) Surplus as regards policyholders (STAT)	104,922,753	107,627,181	112,738,562	118,554,575
(7) Shareholder's Equity (GAAP)	110,702,213	114,515,478	124,033,206	131,907,755
(8) Surplus / Equity ratio	0.948	0.940	0.909	0.899
				0.915

Notes / Sources

- (1) AS Page 4 Line 18
- (2) AS Page 4 Line 19
- (3) AS Page 4 Line 20
- (4) AS Page 3 Line 35
- (5) = (3) / (5)
- (6) Vanliner Insurance Company - Reclass for Statutory Financial Statements
- (7) Vanliner Insurance Company - Reclass for Statutory Financial Statements
- (8) = (6) / (7)

**Vanliner Insurance Company**  
Arkansas Boiler and Machinery  
Selected Expense Provisions

	<u>Item</u>		<u>Provision</u>
(1)	Commission & Brokerage		17.50%
(2)	Other Acquisition Expenses		9.23%
(3)	General Expenses		10.01%
	Taxes, Licenses & Fees		
(4)	Premium Tax	2.50%	
(5)	Miscellaneous Taxes, Licenses and Fees	0.94%	
(6)	total		3.44%
	Other Expenses		
(7)	Unallocated Loss Adjustment Expense	0.00%	
(8)	Residual Market Costs	0.00%	
(9)	Total		0.00%
(10)	Profit & Contingencies		
(11)	Required Return on Surplus	20.71%	
(12)	Expected Investment Income on Insurance Transactions	4.65%	
(13)	Profit & Contingencies net of Investment Income		16.06%
(14)	Expense Ratio		56.24%
(15)	Expected Loss and LAE Ratio		43.76%
(16)	Loss Cost Modification		100%
(17)	Indicated Loss Cost Multiplier		2.285

Notes:

- (1) Per Commission Schedule
- (2) Three year average from Exhibit I
- (3) Three year average from Exhibit I
- (4) Statutory rate per state
- (5) Industry average
- (7) Three year average from Exhibit I
- (13) Net of expected investment income on insurance transactions
- (11) Line 10 Exhibit 2 Page 2
- (12) Line 11 Exhibit 2 Page 2
- (14) = sum (1) to (13)
- (15) = 100% minus (8)
- (16) Exhibit IV
- (17) = (16) / (15)

INSURANCE SERVICES OFFICE, INC.

Miscellaneous Taxes and Payroll Taxes

Miscellaneous Taxes	Industry Aggregates All Lines
(1) Net Earned Premium	\$433,983,070
(2) Insurance Department Licenses and Fees Paid <sup>a</sup>	725,703
(3) Ratio [(2) / (1)]	0.17%
(4) All Other Miscellaneous Taxes Paid <sup>b</sup>	742,741
(5) Ratio [(4) / (1)]	0.17%
(6) Total Miscellaneous Tax Ratio [(3) + (5)]	0.34%
 <u>Payroll Taxes</u>	
(1) Net Earned Premium	\$433,983,070
(2) Payroll Taxes <sup>c</sup>	2,623,932
(3) Ratio [(2) / (1)]	0.60%

Note: All dollar amounts are in thousands.

<sup>a</sup> Includes only those taxes that appear in Part I, line 20.2, column 4 (Taxes, Licenses and Fees), of the Insurance Expense Exhibit.

<sup>b</sup> Includes only those taxes that appear in Part I, line 20.4, column 4 (Taxes, Licenses and Fees), of the Insurance Expense Exhibit.

<sup>c</sup> Payroll taxes include Social Security, Medicare and unemployment taxes. Of the \$2.6 billion in payroll taxes reported above, \$1.0 billion are classified as loss adjustment expenses on the Insurance Expense Exhibit, \$0.8 billion are classified as acquisition expenses and \$0.8 billion are classified as general expenses. Thus, adding the payroll tax ratio to underwriting expense ratios shown elsewhere in this circular would result in double counting.

Source: Insurance Expense Exhibit data for calendar year 2006 from A.M. Best.

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INSURANCE SERVICES OFFICE, INC.

2007 Tax Rates by State<sup>†</sup>

(1)

(2)

Premium Tax

State	Foreign Rate	Domestic Rate
Alabama	3.60% a	3.60% a
Alaska	2.70%	2.70%
Arizona	2.20% b	2.20% b
Arkansas	2.50%	2.50%
California	2.35%	2.35%
Colorado	2.00% d	2.00% d
Connecticut	1.75%	1.75%
Delaware	1.75%	1.75%
District of Columbia	1.70%	1.70%
Florida	1.75%	1.75%
Georgia	2.25%	2.25%
Hawaii	4.27% k	4.27% k
Idaho	2.10% n	2.10% n
Illinois	0.50%	0.50%
Indiana	1.30%	r
Iowa	1.00%	1.00%
Kansas	2.00%	2.00%
Kentucky	2.00%	2.00% u
Louisiana	3.00%	3.00%
Maine	2.00%	2.00%
Maryland	2.00%	2.00%
Massachusetts	2.28%	2.28%
Michigan	cc	cc
Minnesota	2.00% dd	2.00% dd
Mississippi	3.00%	3.00%
Missouri	2.00%	2.00%
Montana	2.75%	2.75%
Nebraska	1.00%	1.00%
Nevada	3.50% ii	3.50% ii
New Hampshire	jj	jj
New Jersey	2.10% ll	2.10% ll
New Mexico	3.00% pp	3.00% pp
New York	2.00% rr	2.00% rr
North Carolina	1.90%	1.90%
North Dakota	1.75%	1.75%
Ohio	1.40%	1.40%
Oklahoma	2.25%	2.25%
Oregon	bbb	bbb
Pennsylvania	2.00%	2.00%
Puerto Rico	fff	ggg
Rhode Island	2.00%	2.00%
South Carolina	1.25%	1.25%
South Dakota	2.50% jjj	2.50% jjj, kkk
Tennessee	2.50%	2.50%
Texas	1.60%	1.60%
Utah	2.25%	2.25%
Vermont	2.00%	2.00%
Virginia	2.25%	2.25%
Washington	2.00%	2.00%
West Virginia	4.00% rrr	4.00% rrr
Wisconsin	0.38% ttt	uuu
Wyoming	0.75%	0.75%

<sup>†</sup> Tax rates do not reflect any credits for payments to guaranty fund associations or any other credits that may be available under the laws of each state.

\* Applies to both foreign and domestic companies unless otherwise noted.

See State Notes starting on Sheet 2.

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Vanliner Insurance Company  
Commercial Lines Manual  
Division Two – Equipment Breakdown  
ISO / Bureau Reference Filing Numbers

Manualholder Notice	Filing Reference #
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Multistate:	
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EB-MU-2007-RU-001	BM-2006-OEBRU
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EB-MU-2007-LC-001	BM-2006-REBLC
-------------------	---------------

	BM-2006-RLA1
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EB-MU-2007-FO-001	BM-2006-OEBFO
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Arkansas	
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EB-AR-2007-LC-001	BM-2006-REBLC
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	BM-2006-RLA1
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EB-AR-2007-FO-001	BM-2006-OEBFO
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Vanliner Insurance Company  
Multistate Commercial Lines Manual  
Division Two - Equipment Breakdown  
Vanliner Insurance Company Forms

Form Number	Form Title
VL0000 08 89	Manuscript Endorsement
VLE001 07 08	Equipment Breakdown Protection Coverage
Doc. No. 14344 06/01	Privacy Policy

Vanliner Insurance Company  
Commercial Lines Manual  
Division Two - Equipment Breakdown - Multistate Rules

Rule 9: Policy Writing Minimum Premium

A	Prepaid Policies	\$100
B	Annual Premium Payment Plan Policies or Continuous Policies	\$100

Rule 11: Additional Premium Changes

B. Waiver of Premium

In the event of a policy change that generates a premium change Vanliner will bill the full additional premium or credit the insured with the full return premium no matter how small the premium difference is i.e., there is no size of change where Vanliner will waive the premium change amount.

Rule 12: Return Premium Changes

B. Waiver of Premium

In the event of a policy change that generates a premium change Vanliner will bill the full additional premium or credit the insured with the full return premium no matter how small the premium difference is i.e., there is no size of change where Vanliner will waive the premium change amount.

Rule A. Simplified Rating for Warehouses

- A. Premium calculation based on Total Insured Value ( Building plus Business Personal Property Value). Applies to business classified in SIC Codes 4225 General Warehouse and 4226 Special Warehousing and Storage.

Premium is calculated as Loss Cost Multiplied by the Lost Cost Multiplier ( by state )

Total Insured Value Per Location	Loss Cost
Less than and up to \$100,000	\$ 28
\$100,001 to \$250,000	\$ 72
\$250,001 to \$500,000	\$ 114
\$500,001 to \$750,000	\$ 155
\$750,001 to \$1,000,000	\$ 228
\$1,000,001 to \$1,500,000	\$ 299
\$1,500,001 to \$2,000,000	\$ 345
\$2,000,001 to \$3,000,000	\$ 395
Over \$3,000,000	Refer to Company

Total Insured Value is the sum of the Building and Business Personal Property Limit.

Any risk with a Total Insured Value in excess of \$3,000,000 at any one location shall be referred to company for quoting.

Any risk with Business Income value in excess of \$1,000,000 at any one location shall be referred to company for quoting.

Any risk with a Total Insured Value in excess of \$75,000,000 per policy across all locations shall be referred to company for quoting.

Any risk with Equipment Breakdown losses in the past three years shall be referred to company for quoting.

Any risk located outside the United States of America shall be referred to company for quoting.

- B. Deductibles - These Loss Costs contemplate a \$1,000 per location deductible. For other deductible options, refer to table below.

Deductible	Factor
\$500	1.05
\$1,000	1.00
\$2,500	0.93
\$5,000	0.81
\$10,000	0.76
\$25,000	0.70

**Vanliner Insurance Company**  
**Commercial Lines Manual**  
**Division Two- Equipment Breakdown - State Exceptions**

**Rule 2: Company Rates/ISO Loss Costs****C. Loss Cost Conversion - Loss Cost Multiplier**

Policies effective on or after	LCM
7/1/2008	<b>2.285</b>

Rounding Rule - Base rates are calculated by multiplying the ISO loss cost times the Vanliner loss cost multiplier and rounding to 3 places.

**4 Expected Loss Ratio**

Policies effective on or after	
7/1/2008	0.438